

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6126

BILL NUMBER: HB 1144

NOTE PREPARED: Nov 14, 2002

BILL AMENDED:

SUBJECT: Regulation of Child Care Homes.

FIRST AUTHOR: Rep. Crawford

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the definition of "child care home" to include a residential structure where at least one child who is unrelated to the provider is cared for under certain circumstances. The bill removes provisions exempting from licensure a child care home where children who are related to the provider are cared for. (The introduced version of this bill was prepared by the Board for the Coordination of Child Care Regulation.)

Effective Date: July 1, 2003.

Explanation of State Expenditures: The estimated cost of this program is between \$1.3 M and \$3.2 M for the initial year and may be as low as \$0.7 M and \$1.6 M for each succeeding year. This assumes that all facilities are licensed in the first year. The cost of this program may vary given the unknown number of potential licensees.

The Family and Social Services Administration is currently responsible for licensing child care centers, licensing child care homes (with six or more children), and registering child care ministries. There are currently 3,819 licensed child care homes in the state. This bill would require the agency to license at least 4,065 more child care homes. The actual number of child care homes in the state cannot be determined due to the unregulated nature of a majority of these homes.

Background Information: The FSSA states that the average licensing cost for a child care home is \$325 for initial licensing, and \$162.50 per home after the initial year. The cost of licensing new homes is between \$1.3 M and \$3.2 M for the initial year. This assumes that the cost of licensure is \$325 and that there are between 4,065 and 9,807 new child care homes licensed. If all homes licensed in the first year remain in the program

and no new homes are licensed, the cost to administer the licensing program for these previously unlicensed homes would be between \$0.7 M and \$1.6 M. However, it is likely there will be some transition of child care homes in and out of the market. Thus, the cost to administer the program in succeeding years will be between \$0.7 M and \$3.2 M depending on the number of providers leaving and new providers entering the market.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of November 11, 2002, the Division of Family and Children had 51 vacancies and \$1.3 M in associated salaries. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The total number of child care homes is unknown, however, the agency maintains data on the number of legally licensed exempt providers (LLEP) operating child care homes that accept Child Care Development Fund (CCDF) vouchers. The number of LLEPs that currently receive CCDF vouchers is 4,065. During 2002 there were a total of 9,807 LLEPs that received CCDF vouchers for payment. These numbers are the basis for the estimated cost range for this program.

The FSSA currently has 8 field staff for inspecting child care centers and 14 staff for licensing child care homes. The total budget for child care licensing for FY 2003 is \$2,139,441.

Explanation of State Revenues: FSSA may promulgate rules that include a fee for inspection and licensure of child care homes. This bill does not include a fee provision.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Susan Kilty, Legislative Liaison, Division of Family and Children, Family and Social Services Administration, 317-232-4451.

Fiscal Analyst: Michael Molnar, 317-232-9559